

SAP Solution Brief

SAP Solutions for Governance, Risk, and Compliance

MANAGE RISK PROACTIVELY

ENABLE RISK-INTELLIGENT DECISIONS ACROSS YOUR ENTERPRISE

Identify, analyze, respond to, and monitor risk across your enterprise with the SAP® GRC Risk Management application. Offering real-time insight into all enterprise risks, the application helps you protect existing value, create new value, and increase enterprise transparency to improve corporate performance.

With the increasing volatility of today's business environment, the growing complexity of regulatory mandates, and the requirement to manage risks across the extended enterprise, you need a holistic view into the risks associated with all lines of your business. At the same time, you need to understand how risks impact corporate strategy so that you can make better-informed business decisions.

Achieving this level of visibility and control is nearly impossible when the activities and systems you use for governance, risk, and compliance (GRC) are manual and fragmented and do not give you the complete transparency you need to better identify and understand your risks. Disjointed approaches to risk management mean that your teams lack the support they need to coordinate activities across the enterprise. For example, some areas of your business may describe and analyze risks inconsistently – a real problem when it comes to managing risks. Some line-of-business owners may not have a formalized process for risk identification and risk analysis, thus they may learn about risks too late or focus on the wrong risks. And executives may not be able to see what's happening in other areas of the enterprise or understand the organizational impact of seemingly localized risk events. The end result? Your organization is often left in the dark until risks turn into losses.

Overcoming Challenges with SAP® GRC Risk Management

To help you manage risks, SAP offers the SAP® GRC Risk Management application, which automates process support for collaborative planning, identification and analysis, response, and monitoring – the key steps in the risk management life cycle. The application gives you a complete, cross-enterprise view into all categories of business risk, strategies for appropriate responses, and the information you need to balance opportunities against enterprise risks.

With SAP GRC Risk Management, key risk indicators are aligned directly to your business processes and overall corporate strategic objectives – and are automatically monitored so that management is alerted when risks exceed acceptable thresholds. In addition, the application allows you to analyze risks in terms of severity and likelihood of impact as well as monitor risk mitigation activities using personalized dashboards that include drill-down functions for accessing detailed risk information. This information is automatically aggregated to create user-specific views of overall risks, trend analyses, and functional dashboards and reports at all levels so you're never in the dark about your company's risk profile.

By accelerating your identification, analysis, and response to business risks, you can prevent or minimize the market penalties associated with high-impact loss events. In addition, you can



support the activities and decisions of your risk management stakeholders in the following ways:

- Executives receive current cross-enterprise risk data via dashboards, reports, and alerts based on pre-defined thresholds. These tools provide the insight needed to help protect the underlying value the corporation has built and to balance opportunities against their associated risks and move ahead with greater confidence.
- Risk managers gain a single platform for automating risk management processes across the IT environment and throughout the extended enterprise of customers, suppliers, and partners. Managers can focus on managing the business rather than collecting, aggregating, and manually analyzing data.
- Line-of-business owners receive tools, reports, and proven best-practice risk processes and key risk indicators that help them identify and respond to risks in their area of responsibility (for example, tools that indicate early risk or identify frequently occurring risks). Leveraging these and other functions, line-of-business owners can begin to manage and mitigate their risks proactively.

Automating Risk Management Processes

SAP GRC Risk Management helps you evolve from a fragmented, manual risk approach to an ongoing enterprise risk management program that delivers real value. You can automate and drive consistency across the key risk life cycle,

which includes risk planning, risk identification and analysis, risk response, and risk monitoring.

Risk Planning

The risk planning process involves gaining C-level agreement on the top risk categories that should be monitored as well as on the specific risk thresholds and overall risk appetite of your organization. These objectives and thresholds are then cascaded down as guidance for line-of-business managers. Key outcomes from the risk planning process – such as identifying key process risks, risk categories, and thresholds – are used to automate risk processes and drive consistent execution across the enterprise. You can also incorporate risk indicator content that is tailored to your industry and geography.

Automatic Risk Identification and Analysis

With SAP GRC Risk Management, you can proactively identify, document, and assess all key enterprise risks – both internal and external. Risk identification is automated whenever you have the necessary key risk indicators available within corporate systems (for example, employee safety-related information that must be reported to government agencies). You can set up automatic notifications for processes supported by both SAP- and non-SAP software as well as deploy predefined response procedures for different types of risks or loss events.

When automation is not possible, you can use collaborative self-assessment surveys (available through a Web-based portal) that help track and manage risks.



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Automated workflows ensure that your team receives and consolidates completed assessments on a regular basis. These assessments capture information on risk type, probability, and time frame – as well as determine which processes and corporate objectives may be impacted – and are integrated into the application so you always have a current composite analysis of your risk profile.

Risk Response

With SAP GRC Risk Management, you can empower managers to create effective response strategies that address the risks specific to their area of responsibility. The application tracks the status of each response (and the resource and implementation costs) so that managers can be confident that risks are being addressed properly. You can even link a single risk to multiple response strategies, which increases the overall effectiveness of the risk responses.

Risk Monitoring

SAP GRC Risk Management helps you stay informed by building proactive risk monitoring across your existing business processes. The software automatically monitors key risk indicators and response strategies while highlighting significant changes in risk profiles – insight needed to help you maintain the proper balance between risk and opportunity.

Equally important, you can leverage the combined power of strategic planning and analytical functions to manage the effectiveness of your corporate strategies and ensure your response actions are aligned, support your organizational strategies, and improve overall risk planning. The software provides dashboards and risk scorecards that you can tailor to include the reports, risks, key risk indicators, strategic business initiatives, and projects relevant to specific users. Data points, based on business policies and thresholds, can help you identify risks to business performance in real time. You can also share

risk-related data with other applications, such as strategy management applications.

Key Benefits

Minimize the performance impact to your business associated with unmanaged risks and high-loss events and carry out new business strategies with confidence by implementing SAP GRC Risk Management. The application helps you establish a consistent approach to risk management across your organization that allows you to:

- Align risk management with corporate strategy to support risk-adjusted performance management and identify new business opportunities with a deeper understanding of your risk profile
- Provide accurate real-time insight into your organization's true risk profile so that managers can prioritize and proactively address risks before they have any impact on your business
- Simplify risk reporting and risk analysis dramatically by eliminating most manual work
- Identify process risks automatically and escalate them to risk owners for immediate attention

Part of an Integrated Approach to GRC

SAP GRC Risk Management is a key part of SAP solutions for governance, risk, and compliance, an integrated set of applications that optimize all GRC activities to overcome problems caused by business fragmentation and disjointed approaches to GRC management.

With SAP GRC Risk Management, key risk indicators are aligned directly to your business processes and overall corporate strategic objectives – and are automatically monitored so that management is alerted when risks exceed acceptable thresholds.

These solutions work together to automate end-to-end GRC activities including corporate governance and oversight, risk management, control testing and remediation case management, user access and authorization, global trade services, and environment, health, and safety management. When integrated with SAP solutions for enterprise performance management, such as the SAP Strategy Management application, SAP GRC Risk Management helps executives better understand the risks associated with various business processes and more effectively align corporate strategies and risk management across the enterprise.

Contact SAP today to learn more about how your business can manage risk proactively and optimize enterprise performance. Or visit our Web site at www.sap.com/solutions/grc.

Summary

With the SAP® GRC Risk Management application, you can proactively identify, analyze, respond to, and monitor risk across your enterprise. The application offers real-time insight into all categories of risk, helping you protect existing value, create new value, and increase enterprise transparency by aligning corporate strategy, business processes, and controls.

Challenges

- Provide a cross-enterprise view of the risks associated with all lines of business and geography
- Clarify and manage the relationship between risks and corporate strategies
- Give risk managers a single platform for automating risk management
- Help line-of-business owners drive risk management proactively

Supported Business Processes and Software Functions

- Risk planning – Gain C-level visibility of the top risk categories and corporate objectives that should be monitored
- Risk identification and analysis – Proactively identify, document, and assess all key risks, both internal and external; automatically monitor the key risk indicators
- Risk response strategies – Empower managers to create and manage effective mitigation or response strategies that address the risks specific to their area of responsibility
- Risk monitoring – Automatically and continuously monitor previously identified risks and response strategies while simultaneously highlighting significant changes in risk profiles

Business Benefits

- **Minimize the performance impact of unmanaged risks** and high-impact loss events
- **Make better risk-intelligent decisions** to leverage new business opportunities and build corporate strategy
- **Align risk management to corporate strategy** to support risk-adjusted performance management
- **Provide accurate real-time insight** into your organization's true risk profile so you can prioritize and proactively address risks before they have any impact on your business
- **Dramatically simplify risk reporting** and risk analysis by eliminating most manual work
- **Automatically identify risks** in business processes and escalate them to risk owners for immediate attention

For More Information

Call your SAP representative or visit us online at www.sap.com/solutions/grc.

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